

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

## CONSOLIDATED CIRCULAR TO SHAREHOLDERS OF EACH OF

### 1. ZIMBABWE STOCK EXCHANGE LIMITED (“ZSE LIMITED”)

(A public company incorporated in the Republic of Zimbabwe on 31<sup>st</sup> December 2014 under company registration number 10653/2014)

and

### 2. ZIMBABWE STOCK EXCHANGE HOLDINGS LIMITED (“ZSE HOLDINGS”)

(A public company incorporated in the Republic of Zimbabwe on 15<sup>th</sup> May 2020 under company registration number 6514/2020)

Relating to and seeking concurrent approval of the following:

#### From the Shareholders of Zimbabwe Stock Exchange Limited

- i. The sale of their entire shareholding in Zimbabwe Stock Exchange Limited and Victoria Falls Stock Exchange Limited to Zimbabwe Stock Exchange Holdings Limited in consideration of the entire issued ordinary shares of Zimbabwe Stock Exchange Holdings Limited, by way of a scheme of reconstruction; and
- ii. The increase in the authorised and issued share capital of Zimbabwe Stock Exchange Limited by way of a 1000 for 1 split of the ordinary shares.

#### From the Shareholders of Zimbabwe Stock Exchange Holdings Limited

- iii. The purchase, from members of the Zimbabwe Stock Exchange Limited, of the entire issued share capital in Zimbabwe Stock Exchange Limited and Victoria Falls Stock Exchange Limited, in consideration of the entire issued ordinary shares of Zimbabwe Stock Exchange Holdings Limited, by way of a scheme of reconstruction; and
- iv. The allotment of the entire issued ordinary shares of Zimbabwe Stock Exchange Holdings Limited to the Existing Shareholders of Zimbabwe Stock Exchange Limited pro rata to their current shareholding; and
- v. The increase in the authorised share capital of Zimbabwe Stock Exchange Holdings Limited by way of a 1000 for 1 split of the ordinary shares; and
- vi. The introduction of 252 additional minority shareholders via a public or private placement of a maximum of 10,000 shares solely for the purposes of meeting certain regulatory minimum spread requirements of the Zimbabwe Stock Exchange and the attendant waiver of any and all pre-emptive rights of existing shareholders in that regard; and
- vii. The subsequent listing by introduction of the entire issued share capital of Zimbabwe Stock Exchange Holdings Limited on the Zimbabwe Stock Exchange Limited main board; and
- viii. The approval of, and authorization of the Directors to issue ordinary shares to qualifying members of The Zimbabwe Stock Exchange Employee Share Option Scheme through a Share Appreciation Rights Plan of up to 10% of the unissued shares of ZSE Holdings Limited.

And incorporating a

A Notice convening an Extraordinary General Meeting of Shareholders for Zimbabwe Stock Exchange Limited; and

A Notice convening an Extraordinary General Meeting of Shareholders for Zimbabwe Stock Exchange Holdings Limited

Financial Advisors



Auditors and Independent  
Reporting Accountants



Grant Thornton

Sponsoring Broker



Legal Advisors



Share Transfer Secretaries



DATE OF ISSUE: 16 September 2024

Notice of an Extraordinary General Meeting of the members of ZSE Limited and ZSE Holdings Limited, to be held virtually by electronic means at 09.30 hours, and at 1030 hours respectively on 8 October 2024, in accordance with the requisite provisions of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 and the Companies and Other Business Entities Act [Chapter 24:31], set out at the end of this document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon, as soon as possible, but not later than close of business on 4 October 2024.

This Circular is not an invitation to the public to subscribe for shares in the Company but is issued in compliance with the ZSE Listing Requirements, for the purpose of giving information to the public with regard to the Company.

All of the Directors of Zimbabwe Stock Exchange Limited, whose names are given in paragraph 15 on page 15 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such material facts and that this prelisting statement contains all information required by law.

The directors confirm that this document include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate.

Each of the Company's advisers, legal advisers, sponsoring broker, transfer secretaries and reporting accountants have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

This Circular is available in English only and copies thereof may be obtained from 16 September 2024 to 8 October 2024 from the registered office of the Company, MMC Capital, EY and Corpserve Registrars at the addresses set out in the 'Corporate Information' section of this Circular.

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## CORPORATE INFORMATION

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**Directors**

Mrs. Caroline Sandura  
Mr. Bartholomew Mswaka  
Mrs. Maureen R. Svova  
Mr Masimba Mudzungairi  
Mr. Benson Gasura  
Mr. Markus De Klerk  
Mrs. Lindiwe Tirivanhu  
Mr Justin Bgoni

**Position held:**

Non-Executive Director, Chairman.  
Non-Executive Director, Deputy Chairman.  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non- Executive Director  
Non-Executive Director  
Executive Director (Chief Executive Officer)

**Business address and registered office:**

44 Ridgeway North  
Highlands,  
Harare.

**Company Secretary**

Mr. L.T. Nkomo  
44 Ridgeway North  
Highlands,  
Harare.

**Financial Advisors**

Ernst & Young Associates (Private) Limited  
Angwa City  
Cnr Julius Nyerere Way  
Kwame Nkrumah Avenue  
P.O. Box 62 or 720, Harare

**Sponsoring Brokers**

MMC Capital (Private) Limited  
Block D, Smatsatsa Office Park  
Liberation Legacy Way,  
Harare

**Auditors and Independent Reporting Accountants**

Grant Thornton Chartered Accountants Zimbabwe.  
Registered Public Auditors  
Camelsa Business Park  
135 E.D. Mnangagwa Road  
Highlands, Harare.

**Tax Advisors**

Ernst & Young Associates (Private) Limited  
Angwa City  
Cnr Julius Nyerere Way  
Kwame Nkrumah Avenue  
P.O. Box 62 or 720, Harare

**Legal and Tax Advisors**

Kantor and Immerman Legal Practitioners  
McDonald House  
10 John Landa Nkomo Avenue  
Harare

**Share Transfer Secretaries**

Corpserve Registrars (Private) Limited  
2nd Floor, ZB Center  
Cnr 1st Street and Kwame Nkrumah Avenue  
Harare, Zimbabwe

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## DEFINITIONS

The following definitions apply throughout this Circular, unless otherwise stated or the context requires otherwise. In this Circular, unless otherwise indicated, the words or phrases in the left-hand column bear the meaning stipulated in the right-hand column. Words in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons (whether corporate or incorporate and vice versa) and words in the masculine shall import both the feminine and neuter.

<b>Auditors or “Independent Reporting Accountants” or “Grant Thornton”</b>	Grant Thornton (Zimbabwe); the Independent Auditors of the Company and Independent Reporting Accountants;
<b>“Board” or “Directors”</b>	The Board of Directors of Zimbabwe Stock Exchange Limited;
<b>“CGT”</b>	Capital Gains Tax
<b>Companies and Other Business Entities Act [Chapter 24:31] (“COBE”)</b>	The Companies and Other Business Entities Act [Chapter 24:31], as amended;
<b>“CPI”</b>	Consumer Price Index;
<b>“Proposed Transactions”</b>	The proposed scheme of reconstruction, share split and subsequent listing of ZSE Holdings shares by way of Introduction on the Main Board of the ZSE on 28 October 2024 subject to SECZim approval and subject to the fulfilment of conditions precedent as more fully described in this Circular;
<b>“EGM”</b>	The Extraordinary General Meeting of ZSE Limited and ZSE Holdings Shareholders to be held virtually by electronic means at 09.30hours and 1030 hours respectively, on 8 October 2024;
<b>“EGM Notice” or “Notice”</b>	The notice which was published in accordance with the Companies and Other Business Entities Act [Chapter 24:31], advising ZSE Holdings and ZSE Limited Shareholders of the EGM to approve the Proposed Transaction;
<b>“EPS”</b>	Earnings per share;
<b>“ESO”</b>	Employee Share Option Scheme
<b>“FVTOCI”</b>	Fair Value Through Other Comprehensive Income;
<b>“Ernst &amp; Young” or “EY” or “Independent Financial and Joint Tax Advisors”</b>	The Independent Financial and joint Tax advisors to the Company, EY Associates (Private) Limited a company incorporated in Zimbabwe under company registration number 270/85;
<b>“MMC Capital” or “Sponsoring Brokers”</b>	MMC Capital (Private) Limited, a company registered under the Companies and Other Business Entities Act [Chapter 24:31], a licensed stockbroker in terms of the Securities and Exchange Act [Chapter 24:25] and Sponsoring Brokers to ZSE Holdings in connection with the Proposed Transaction;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Legal and Joint Tax Advisors” or “Kantor and Immerman”</b>	Kantor and Immerman Legal Practitioners, registered legal practitioners and legal and joint tax advisors to ZSE Holdings regarding the Proposed Transaction;
<b>“Listing”</b>	The Proposed Transaction being the listing of ZSE Holdings by way of an Introduction on the Main Board of the ZSE on 28 October subject to SECZim approval and subject to the fulfilment of conditions precedent as more fully described in this Circular 2024;
<b>“Main Board”</b>	The main board category for listing shares on the ZSE;
<b>“Management”</b>	The management of ZSE Limited;
<b>“PAAB”</b>	Public Accountants and Auditors Board;
<b>“Circular” or “Document”</b>	This Circular dated 16 September 2024, including the appendices attached thereto;
<b>“SARP”</b>	Share Appreciation Rights Plan
<b>“SARS”</b>	Share Appreciation Rights Scheme
<b>“SECZim”</b>	The Securities and Exchange Commission of Zimbabwe, the regulatory body for the securities and capital markets in Zimbabwe who are the listing authority for the proposed listing.
<b>“Share Transfer Secretaries” or “Corpserve”</b>	Corpserve Registrars (Private) Limited, a company incorporated in the Republic of Zimbabwe which provide share transfer secretarial services to ZSE Holdings;
<b>“US\$”</b>	United States Dollar, the legal tender of the United States of America in which certain monetary amounts in this Circular are expressed;
<b>“VFEX”</b>	Victoria Falls Stock Exchange Limited
<b>“WHT”</b>	Withholding tax;
<b>“Zimbabwe”</b>	The Republic of Zimbabwe;
<b>“ZIMRA”</b>	Zimbabwe Revenue Authority;
<b>“ZSE Limited”</b>	The Zimbabwe Stock Exchange Limited a duly licensed securities exchange constituted in terms of the Securities and Exchange Act [Chapter 24:25] of 2004;
<b>“ZSE Holdings” or “the Company” or “the Group”</b>	The Zimbabwe Stock Exchange Holdings Limited is a public company incorporated in the Republic of Zimbabwe on 15 <sup>th</sup> May 2020 under company registration number 6514/2020.
<b>“ZSE Listings Requirements”</b>	Statutory Instrument 134 of 12019 - Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019;
<b>“ZWG”</b>	The Zimbabwe Gold, one of the legal tender of Zimbabwe since 5 April 2024.
<b>“ZWL”</b>	The Zimbabwean Dollar, the reporting currency of Zimbabwe from February 2019 until 5 April 2024

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## FORWARD LOOKING STATEMENTS

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This Circular contains statements about Zimbabwe Stock Exchange Limited ("ZSE Limited") and Zimbabwe Stock Exchange Holdings Limited ("ZSE Holdings") that are or may be forward-looking. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning strategy; the economic outlook; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

Forward looking statements by their nature, involve general and specific inherent risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. ZSE Holdings cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity, and the developments within the industry in which ZSE Limited and ZSE Holdings operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, all of which, although ZSE Limited and ZSE Holdings believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to ZSE Limited and ZSE Holdings, or not currently considered material), could cause the actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements, or assumptions.

ZSE Limited and ZSE Holdings shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statements are made. New factors that could cause the business of ZSE Limited and ZSE Holdings not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. ZSE Limited and ZSE Holdings has no duty to, and does not intend to, update, or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

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## SALIENT FEATURES OF THE PROPOSED TRANSACTION

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This section is a summary of the salient features of the proposed scheme of arrangement, share split and subsequent listing of Zimbabwe Stock Exchange Holdings Limited (“ZSE Holdings”) on the ZSE Main Board (together “the proposed Transactions”) detailed in this Circular which should be read in its entirety for a full and proper appreciation thereof.

### 1. Background and Rationale of the Proposed Transactions

#### 1.1 Background and details of the proposed transactions

The Directors of the Zimbabwe Stock Exchange Limited (“ZSE Limited”) have decided on a self-listing of ZSE Limited on the Zimbabwe Stock Exchange Main Board (“ZSE Main Board”) by way of introduction. The Board and Directors approved the self-listing in a meeting held in 2021. However, the operations of the ZSE Limited and its subsidiary Victoria Falls Securities Exchange Limited (“VFEX”) cannot be merged, as each of the respective entities operate under separate licences and the Directors of ZSE Limited also envisage the addition of various investment entities which may offer products and services which may be restricted by the securities exchange licences.

Therefore, in order to achieve the listing of ZSE Limited on the ZSE Main Board, subject to the fulfilment of Conditions Precedent, the Board established the Zimbabwe Stock Exchange Holdings Limited. Zimbabwe Stock Exchange Holdings Limited (“ZSE Holdings”) is a public company, Company Registration No 6514/2020, whose purpose is to be a holding company in respect of various investment entities, which include ZSE Limited and the VFEX. Listing the holding company will allow both the VFEX and the ZSE Limited to continue operating independently as 100% owned subsidiaries of the ZSE Holdings and offer other products and services which may be restricted under the securities exchange licences of the respective entities. The Board, (subject to the restructure contemplated herein being unconditional), has approved the listing of Zimbabwe Stock Exchange Holdings Limited on the ZSE.

The Directors of ZSE Limited are also seeking shareholder approval for authorization to issue ordinary shares to qualifying members of the Zimbabwe Stock Exchange Employee Share Option Scheme (“ESOS”) through a limited Share Appreciation Rights Plan (“SARP”) detailed in paragraph x of this circular. The Share Appreciation Rights Scheme (“SARS”) may be adopted as a method of aligning the Company’s employees to its strategic goals while merging employee and shareholder interests. 10,270 ZSE Limited authorized but unissued shares will be set aside for the scheme for a period of 10 (ten) years. The number of shares set aside constitutes no more than 10% of the Company’s issued share capital.

#### 1.2 The rationale for the proposed transactions:

##### 1.2.1 The rationale for the scheme of reconstruction are as follows:

- The purpose of incorporating ZSE Holdings Limited was to create a listable holding company that would control a collapsed existing structure of ZSE Limited under which the existing companies already controlled by ZSE Limited would be collapsed and re-organised through an exchange of shares by way of the scheme of re-construction.
- This will enable the transfer of the shareholding from ZSE Limited and VFEX to ZSE Holdings, which will in turn allow for the listing of ZSE Holdings.
- The Listing of ZSE holdings will enable the addition of products and services that will enable ZSE Holdings to be a top player in the securities exchange and financial services market, which may have been previously restricted by the securities exchange licences held by ZSE Limited and VFEX.

##### 1.2.2 The rationale for the share split at the ratio of 1:1000 are as follows:

- To meet the criteria for listing on the ZSE Main Board of not less than ten million equity shares in issue;
- To improve liquidity as a 1000 for 1 stock split significantly increases the number of shares available in the market, making it easier for investors to buy and sell shares without impacting the market capitalization of ZSE Holdings.
- To lower the price per share making the shares more affordable to a broader range of investors and attracting investment.
- As more investors are able to afford the shares, demand for the stock may increase, which can sometimes lead to an increase in the stock price.
- A stock split can be perceived as a signal from management that they believe the ZSE Holdings’ growth prospects are positive.

##### 1.2.3 The rationale for the placement of shares are as follows:

- To meet the criteria for listing on the ZSE Main Board that requires that the number of public shareholders of listed securities must be at least 300 in respect of equity shares;

##### 1.2.4 The rationale for the Listing are as follows:

- To access more appropriate risk-adjusted capital (debt and equity);
- To unlock ZSE Holdings shareholder value;

- To strengthen and enhance the visibility of the Zimbabwe Stock Exchange brand to both the public and private sectors, leading to new business opportunities through increased confidence in the ZSE main board and ZSE Holdings' future prospects; and
- To further strengthen the corporate governance and reporting structures of the company by adhering to the rigors of a listing.

### 1.2.5 The rationale for the Listing are as follows:

- SARP are less dilutive to existing shareholders as participants will only get shares equivalent to the gain in value of their options between grant date and exercise date;
- Encourages sustainable growth for participants to be rewarded;
- SARS differs from a stock option in that a participant receives the same proceeds without the cash outlay associated with having to purchase the option;
- SARS program provides the company with the flexibility to structure the compensation scheme in a way that suits its beneficiaries;
- SARS also allow cash settlement, which gives employees incentives without giving up equity;

## 2. ZSE Limited and ZSE Holdings EGM

To give effect to the Proposed Transaction, ZSE Limited Shareholders are being asked to attend the EGM, to be held virtually by electronic means at 09.30 hours on 8 October 2024, to approve the Resolutions, details of which are set out in the ZSE Limited Shareholder Notice appearing at the end of this Circular.

ZSE Holdings Shareholders are being asked to attend the EGM, to be held virtually by electronic means at 10.30 hours on 8 October 2024, to approve the Resolutions, details of which are set out in the ZSE Holdings Notice appearing at the end of this Circular.

### 2.1 Action to be taken by ZSE Limited and ZSE Holdings Shareholders:

- Consider the contents of the Circular and complete the Proxy Forms included in the Circular timeously
- Attend the EGM to vote on the proposed Resolutions.
- ZSE Limited and ZSE Holdings Shareholders who are unable to attend the EGM, but who wish to be represented thereat, should complete and sign the Proxy Form included in this Circular and ensure it is either returned or posted to Corpserve Registrars at [operationszim@escrowgroup.org](mailto:operationszim@escrowgroup.org) no later than 9:30 hours on 4 October 2024.
- ZSE Limited and ZSE Holdings Shareholders may attend the meeting, notwithstanding the completion and return of a Proxy Form.

### 2.2 Conditions Precedent

The Proposed Transaction is conditional upon fulfilment of the following conditions precedent:

- The passing by the ZSE Limited and ZSE Holdings Shareholders of all the Resolutions by the requisite majority at the EGM;
- The registration of the Resolutions with the Registrar of Companies;
- The granting by the Zimbabwe Revenue Authority ("ZIMRA") of the Scheme of Reconstruction and the Capital Gains Tax relief provided under Section 15 (1)(b) of the Capital Gains Tax Act [Chapter 23:01]; and
- The Securities and Exchange Commission of Zimbabwe ("SECZim") approval of the subsequent proposed listing of ZSE Holdings by way of Introduction on the ZSE Main Board.

## 3. Inspection of the circular

The Shareholders may inspect this Circular during normal business hours from 09:30 hours, from 16 September 2024 to 8 October 2024 at the following offices:

<p><b>Sponsoring Brokers</b> MMC Capital (Private) Limited Block D, Smatsatsa Office Park Borrowdale Road, Harare</p>	<p><b>Financial Advisors</b> Ernst &amp; Young Associates (Private) Limited Angwa City, Cnr Julius Nyerere Way Kwame Nkrumah Avenue P.O. Box 62 or 720, Harare</p>
<p><b>Share transfer Secretaries.</b> Corpserve Registrars (Private) Limited 2nd Floor, ZB Center Cnr 1<sup>st</sup> Street and Kwame Nkrumah Avenue Harare, Zimbabwe</p>	<p><b>Company office</b> 44 Ridgeway North Highlands, Harare.</p>

## 4. Queries:

If you have any questions on any aspects of this Circular, please contact your stockbroker, accountant, banker, legal practitioner, or other professional advisor or the sponsoring brokers MMC Capital (Private) Limited.



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## CIRCULAR TO SHAREHOLDERS

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### 1 Background and rationale of the proposed transactions

#### 1.1 Background

The Zimbabwe Stock Exchange Limited ("ZSE Limited"), Company Registration No. 10653/2014, is a public company which operates as a duly registered stock exchange in Zimbabwe. The ZSE Limited holds 100% ownership of Victoria Falls Securities Exchange Limited ("VFEX") a public company, Company Registration No. 10209/2020, which operates as a duly registered stock exchange in Zimbabwe.

The Directors of the ZSE Limited have been considering options that can unlock and enhance shareholder value. As part of this drive, the Directors have agreed to propose a self-listing of ZSE Limited on the Zimbabwe Stock Exchange Main Board ("ZSE Main Board") by way of introduction pursuant to a scheme of reconstruction proposed herein. The Board and Directors approved the self-listing in a meeting held in 2021. However, the operations of the ZSE Limited and VFEX cannot be merged, as each of the respective entities operate under separate licences and the Directors of ZSE Limited also envisage the addition of various investment entities to the group, which may offer products and services which may be restricted by the securities exchange licences.

Therefore, in order to achieve the listing of ZSE Limited on the ZSE Main Board, subject to the fulfilment of Conditions Precedent, the Board approved the proposed scheme of reconstruction that will result in the listing of Zimbabwe Stock Exchange Holdings Limited ("ZSE Holdings") a public company, Company Registration No 6514/2020, whose purpose is to be a holding company in respect of various investment entities, which include ZSE Limited and the VFEX. Listing the holding company will allow both the VFEX and the ZSE Limited to continue operating independently as 100% owned subsidiaries of the ZSE Holdings and offer other products and services which may be restricted under the securities exchange licences of the respective entities.

To achieve the listing of ZSE Holdings there is need to achieve the following requirements:

- i. The Securities and Exchange Commission of Zimbabwe ("SECZim") will oversee the proposed transaction and under the Statutory Instrument 147 of 2024 - Securities and Exchange (Self-listings Rules for Exchanges) Rules, 2024.
- ii. There is need for ZSE Limited and ZSE Holdings shareholder approval for a scheme of reconstruction which enables the sale and purchase of shareholding of the shareholders in each of the ZSE Limited and VFEX respectively *pari passu* into the ZSE Holdings.
- iii. To achieve the minimum share capital requirements for listing on the ZSE Main Board, being a minimum of 10 million ordinary authorized and issued shares, there is need for ZSE Limited and ZSE Holdings shareholders to approve a share split at the ratio of 1:1000 which has the effect of increasing the current issued ordinary shares outstanding from 102,704 to 102,704,000 shares.
- iv. To achieve the minimum regulatory shareholder spread requirements of 300 shareholders – the ZSE Holdings Shareholders would be required to approve the private or public placement of shareholding as per shareholders' discretion, to increase the number of shareholders count from 48 shareholders to 300 shareholders.

The Directors of ZSE Limited are also seeking shareholder approval for authorization to issue ordinary shares to qualifying members of the Zimbabwe Stock Exchange Employee Share Option Scheme through a limited Share Appreciation Rights Plan ("SARP") detailed in paragraph 3 of the Circular. The Directors of ZSE Limited are proposing that the Company sets up a Share Appreciation Rights Scheme ("SARS") as a method of aligning the Group's employees to its strategic goals while merging employee and shareholder interests. 10,270 ZSE Limited authorized but unissued shares will be set aside for the scheme for a period of 10 (ten) years. The number of shares set aside constitutes 10% of the Company's issued share capital. The Directors of ZSE Limited recommend the adoption of a SARP as opposed to the traditional Share Option Scheme on the basis of the merits outlined in the rationale in paragraph 1.2.5 below.

The Directors remain optimistic about the prospects of the business environment based on the significant improvement in the financial performance of the business. The recent changes to the Zimbabwean currency on 5<sup>th</sup> April 2024, are expected to bring about stability and confidence in the economy, and likely to have a positive impact on the ZSE Limited and VFEX's trading activities in the long run. This, in turn, is expected to drive growth and increase investor confidence in the market. ZSE Holdings will bring about an increased focus on the diversification of products, i.e. introduction of the Contacts for Difference and the Commodities Exchange, on the VFEX is also expected to play a significant role in the Group's growth prospects. This increased product diversity will not only attract new investors but also provide existing ones with more opportunities to diversify their portfolios. The Group's ("ZSE Holdings and its

investment entities”) outlook for the next trading year is therefore positive, driven by the anticipated economic growth of 4% for emerging markets as projected in the 2024 Zimbabwe budget statement. The listing of ZSE Holdings and increased product diversity for the Group brings about confidence that these factors will drive growth and increase investor confidence in the Group.

## **1.2 The rationale for the proposed transactions:**

### **1.2.1 The Scheme of reconstruction**

- The purpose of incorporating ZSE Holdings Limited was to create a listable holding company that would control a collapsed existing structure of ZSE Limited under which the existing companies already controlled by ZSE Limited would be collapsed and re-organised through an exchange of shares by way of the scheme of re-construction.
- This will enable the transfer of the shareholding from ZSE Limited and VFEX to ZSE Holdings, will allow for the listing of ZSE Holdings.
- The Listing of ZSE holdings will enable the addition of products and services that will enable ZSE Holdings to be a top player in the securities exchange and financial services market, which may have been previously restricted by the securities exchange licences held by ZSE Limited and VFEX.

### **1.2.2 The share split at the ratio of 1:1000**

- To meet the criteria for listing on the ZSE Main Board of not less than ten million equity shares in issue;
- To improve liquidity as a 1000 for 1 stock split significantly increases the number of shares available in the market, making it easier for investors to buy and sell shares without impacting the market capitalization of ZSE Holdings.
- To lower the price per share making the shares more affordable to a broader range of investors and attracting investment.
- As more investors are able to afford the shares, demand for the stock may increase, which can sometimes lead to an increase in the stock price.
- A stock split can be perceived as a signal from management that they believe the ZSE Holdings' growth prospects are positive.

### **1.2.3 The placement of shares**

- To meet the criteria for listing on the ZSE Main Board that requires that the number of public shareholders of listed securities must be at least 300 in respect of equity shares;

### **1.2.4 The rationale for the Listing are as follows:**

- To access more appropriate risk-adjusted capital (debt and equity);
- To unlock ZSE Holdings shareholder value;
- To strengthen and enhance the visibility of the Zimbabwe Stock Exchange brand to both the public and private sectors, leading to new business opportunities through increased confidence in the ZSE main board and ZSE Holdings' future prospects; and
- To further strengthen the corporate governance and reporting structures of the company by adhering to the rigors of a listing.

### **1.2.5 The rationale for the Listing are as follows:**

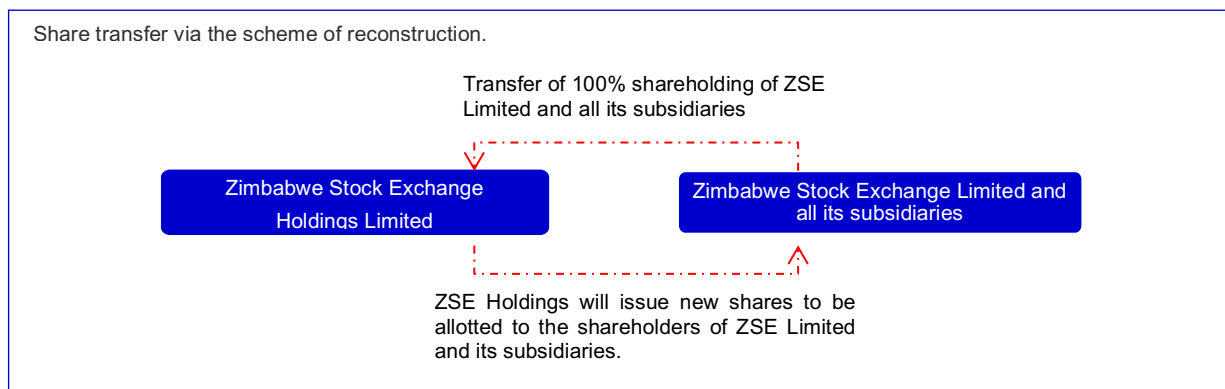
- SARPs are less dilutive to existing shareholders as participants will only get shares equivalent to the gain in value of their options between grant date and exercise date;
- Encourages sustainable growth for participants to be rewarded;
- SARs differs from a stock option in that a participant receives the same proceeds without the cash outlay associated with having to purchase the option;
- SAR program provides the company with the flexibility to structure the compensation scheme in a way that suits its beneficiaries;
- SARs also allow cash settlement, which gives employees incentives without giving up equity;

## **2 Mechanics of the proposed transaction**

Subject to fulfilment of the Conditions Precedent, the Directors are proposing the listing of ZSE Holdings on the ZSE main board by way of Introduction.

The mechanics of the proposed transaction are outlined below:

- i. Shares in all subsidiary and sub-subsidiary companies of ZSE Limited (such as the VFEX) will be transferred to the ZSE Holdings. The ZSE Holdings will issue new shares which will be allotted to the existing shareholders of the ZSE Limited in exchange for shares in ZSE Limited and VFEX and their subsidiaries.



On implementation of this proposed recommendation, ZSE Limited Shareholders will receive their pro rata portion of 100% of the shares of ZSE Holdings currently held in ZSE Limited and its subsidiaries. This will allow for the listing of ZSE Holdings on the ZSE main board and allowing it to achieve the future prospects of the entity outlined in paragraph 1 above.

- ii. The ZSE Limited will then enforce a Stock split at the recommended ratio of 1000 for 1, such that for every 1 shares previously held in ZSE Limited, shareholders will receive 1000 shares with no change to the company's total market capitalization as the price of each share will split by the same ratio. Thus, the total dollar value of the shares remains the same compared with pre-split amounts, because the split does not make the company more valuable. This will result in an increase in the number of ZSE Limited outstanding ordinary share capital as follows:

	Authorized Number	ZWG	Issued Number	ZWG
<b>Current Ordinary shares</b>	6,000,000	1,765.94	102,704	1,765.94
<b>Effect of the share split at the ratio 1:1000</b>	6,000,000,000	1.7659	102,704,000	1.7659

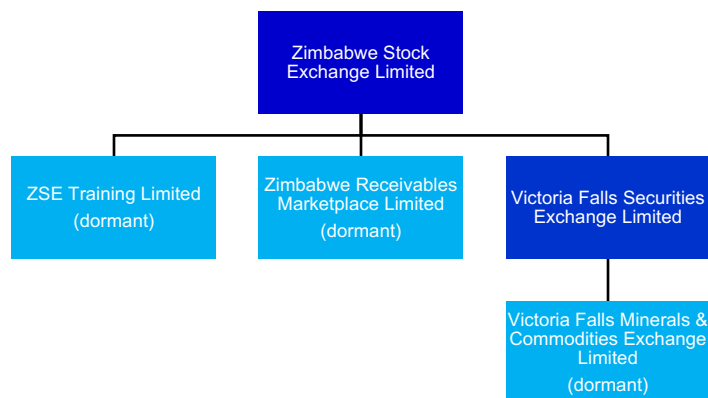
On implementation of this recommendation, ZSE Limited will satisfy the ZSE listing requirement of at least 10 million outstanding ordinary shares which will facilitate the listing of ZSE Holdings on the ZSE main Board post the approval of the transfer of shares in (i) above. The stock split will also benefit ZSE Limited by lowering the price of a single share, making the company's stock more affordable without losing value and hence boost the shares' liquidity post listing.

- iii. To comply with the ZSE Listing rules regarding shareholder spread (requirements of 300 shareholders), post approval by the ZSE Holdings and ZSE Limited Shareholders of the share transfer and stock split in (i) and (ii) above, ZSE Holdings will be required to issue shares to an additional 252 shareholders from the current 48 shareholders through a shareholder restructure or public or private placement of a nominal number of ZSE Holdings ordinary shares at the discretion of the shareholders, in a way which may achieve no or a minimum dilution to the current shareholders.

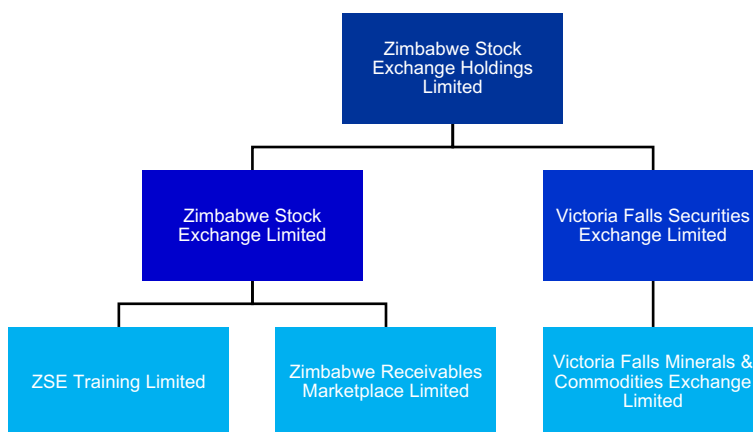
In the event that the ZSE Holdings Shareholders do not achieve an expansive shareholders register to meet at least 300 public shareholders by the 14<sup>th</sup> of October 2024, the company would be allowed to make a placement of shares to meet the shareholder spread requirements.

## 2.1 Current ZSE Limited structure and proposed structure of ZSE Holdings

The following structure outlines the current corporate structure of ZSE Limited.



The following structure outlines the proposed corporate structure of ZSE Holdings:



## 3 ZSE Limited Share Appreciation Rights Plan Summary

### 3.1 Background:

The Directors of ZSE Limited are proposing that the Company sets up a Share Appreciation Rights Scheme (“SARS”) as a method of aligning the Company’s employees to its strategic goals while merging employee and shareholder interests. 10,270 ZSE authorised but unissued shares will be set aside for the scheme for a period of 10 (ten) years. The number of shares set aside will constitute 10% of the Company’s issued share capital. The Directors of ZSE Limited recommend the adoption of a SARP as opposed to the traditional Share Option Scheme on the basis of the merits outlined in the rationale in paragraph 1.2.5 above. Further information on the SARP can be obtained from the draft SARP which is included as documents for inspection in paragraph x of this circular.

### 3.2 Summary of the scheme rules

- (a) The scheme will be open to all employees who are employed on a full-time basis subject to the Board granting the option to exercise the right;
- (b) The scheme is limited to an allocation of 10,270 shares representing 10% of the current issued share capital, and allocations shall be determined by the Board at its discretion using an equitable formula;
- (c) The exercise price will be based on the market price on date of grant, it is envisaged that the scheme will be adopted after ZSE Holdings is listed;
- (d) The participant will only get the shares equivalent to the gain between the date of grant and date of exercising the option;
- (e) A participant will have a waiting period of 3 years before they can exercise 50% of the options granted and the remainder can be exercised 25% in the fourth year and 25% in the fifth year, if the options are not exercised they will lapse after 10 years;
- (f) If a participant dies whilst employed by the ZSE Limited, his representative will have 12 months to exercise the options. If you leave employment of the ZSE Limited before exercising the options, they will lapse immediately, unless the Board decides otherwise;

- (g) If the share capital of the ZSE is varied by way of share consolidation or share-split, the scheme shares must be adjusted accordingly so as to retain the same value.

#### 4 Overview of ZSE Limited

The ZSE Limited is a licensed securities exchange providing an avenue for capital raising anchored on a multi-asset class trading platform and is regulated by SECZim. ZSE Limited offers a broad range of products and services comprising Equities, Debt, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs), Depository Receipts, data and training services geared towards addressing investors' needs. Dating back to 1894, the ZSE has evolved to be one of the longest established capital raising platforms in Africa. The ZSE's revenue stream comprises of income from the ZSE levy, depository levy, fees from initial listings, as well as charges for both member and non-member services and document review fees.

The VFEX, is currently a wholly owned subsidiary of ZSE Limited. The exchange's primary allure lies in its operation as a USD-denominated platform, positioning it as a pivotal offshore financial services hub that caters to both local and international investors seeking opportunities in a stable currency environment. The primary source of revenue for the exchange is derived from listing fees, which constitute the bulk of its financial inflow. However, generally the primary driver of revenue has been from trading levies. Additional streams of income for the exchange include the VFEX levy, depository levy, fees from initial listings, as well as charges for both member and non-member services. Revenue is also generated through the assessment of document review fees.

To enhance revenue streams, VFEX launched 'VFEX Direct,' an online platform designed to provide traders with seamless market access from anywhere, facilitating trading activities with ease and convenience. Additionally, VFEX is actively engaging in targeted marketing campaigns aimed at simplifying the listing process for potential issuers. These initiatives are strategically implemented to attract new listings and to demystify the complexities associated with joining the exchange, thereby expanding the exchange's portfolio of listed entities.

#### 5 Overview of ZSE Holdings post the scheme

The ZSE Holdings is a holding and investment company registered in Zimbabwe on 15<sup>th</sup> May 2020. Its intended purpose is to have sole ownership of the ZSE Limited (100%) and VFEX (100%) upon approval by the shareholders. ZSE Limited is a licensed securities exchange providing an avenue for capital raising anchored on a multi-asset class trading platform. The entity offers a broad range of products and services comprising Equities, Debt, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs), Depository Receipts, data and training services geared towards addressing investors' needs. Dating back to 1894, the ZSE has evolved to be one of the longest established capital raising platforms in Africa.

#### 6 Financial Highlights

##### 6.1 Summary Financial Information

Below are extracts from the financial statements of ZSE Limited for the years ended 31 December 2023, 31 December 2022 and 31 December 2021. Historic financial information is included for three years, from 31 December 2021. Information in this paragraph should be read in conjunction with Appendix 1 – Independent Reporting Accountant's Report on the historical financial information included in the ZSE Pre-Listing Statement:

##### 6.2 Extracts from the performance review for ZSE Limited for the year ended 31 December 2023

Audited	2023 (ZWL)	2022 (ZWL)	2021 (ZWL)	2023 (ZWL)	2022 (ZWL)	2021 (ZWL)
Year End - 31 December	Inflation Adjusted	Inflation Adjusted	Inflation Adjusted	Historic Cost	Historic Cost	Historic Cost
Revenue	32,908,811,593	8,669,054,726	358,005,833	17,081,229,860	1,095,983,108	271,720,054
Total operating costs	26,700,316,580	10,385,685,216	355,236,871	15,588,993,157	1,080,225,512	286,292,189
Net profit	6,833,454,503	1,692,120,325	9,376,504	5,116,955,068	1 55,204,470	11,411,357
Total comprehensive income	12,566,083,843	3,010,674,490	55,555,959	14,474,071,516	790,958,835	94,243,111
Property, plant & equipment	12,593,354,301	4,858,678,656	220,387,841	11,281,358,317	811,842,569	192,755,797
Intangible assets	6,585,014,115	4,439,326,698	178,467,809	1,580,258,080	307,044,427	118,235,118
Trade and other receivables	3,480,151,316	351,000,217	22,705,595	3,480,151,316	73,043,263	22,705,595
Cash and cash equivalents	2,924,556,568	272,474,252	8,673,505	2,924,556,568	56,701,893	8,673,505
Trade and other payables	2,991,999,473	865,112,308	64,414,830	2,991,999,473	180,030,061	64,616,830
Short term borrowings	744,947,028	278,225,242	48,500,000	744,947,028	57,898,766	48,500,000

### 6.3 Financial effects of the transaction

Subject to fulfilment of the Conditions Precedent, the approval of the scheme of reconstruction and the subsequent listing of ZSE Holdings, all shareholdings of ZSE Limited and its subsidiaries will be transferred to ZSE Holdings, ensuring the consolidation of the financial information of ZSE Limited and VFEX to ZSE Holdings Limited.

### 7 Tax implications of the transaction

The ZSE Holdings' allotment of new shares to new shareholders via a private or public placement of shares to 252 additional shareholders in compliance with the listing requirements that the number of public shareholders of listed securities must be at least 300 in respect of equity shares, under s87 (e)(i) of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019, has no impact on Capital Gains Tax (CGT) as issuance of shares does not constitute a sale or disposal. This therefore does not create a CGT liability for the entity. However, the shareholders will be subject to CGT should they subsequently dispose of the shares. Shares that are disposed of before listing will be subject to tax at 20% of the gain.

Capital gains withholding tax of 2% of the proceeds will be charged on the seller, after listing for a period of six months from the 28<sup>th</sup> of June 2024 as per SI 110 of 2024. The WHT will be a final tax which means that no further CGT will be levied for the duration stated. The listing of the entity on the ZSE main board does not constitute a disposal. Since the transferor and transferee are entities under the same control, the payment of the CGT may be postponed in terms of section 15 (1) (b) of the Act. This section allows the transferor and transferee (the parties) to elect for the postponement of the payment of CGT under a scheme of reconstruction by entities under the same control. The shares are transferred at cost. The CGT will be paid later should the shares be disposed of, to independent parties. The summary of the issuance of shares and the dilutive impact is summarized in paragraph 2 of the Circular.

### 8 Timetable of events

Important Dates	
Event	Date
Notice of ZSE Limited EGM Published	16 September 2024
Mailing of Circular to ZSE Limited Shareholders	16 September 2024
Record Date, ZSE share register closed for the purpose of voting at the EGM (at 16:00 hours SAST)	4 October 2024
Last day of lodging Proxy Forms (at 9:30 hours)	4 October 2024
ZSE Limited EGM (at 9:30 hours SAST)	8 October 2024
ZSE Holdings EGM (at 10:30 hours SAST)	8 October 2024
Publication of EGM Resolution Results	9 October 2024
Transfer of shares from ZSE Limited register to ZSE Holdings Limited	21 October 2024
Sharing of the new ZSE Holdings Limited register with Corpserve Registrars (Private) Limited	26 October 2024
Expected date of listing of ZSE Holdings shares on ZSE Main Board	28 October 2024
ZSE Holdings Limited register reopens	29 October 2024

### 9 Extra-Ordinary General Meeting

To give effect to the Proposed Transactions the Shareholders of ZSE Limited and ZSE Holdings are being asked to attend the EGMs, to be held virtually by electronic means at 09.30 hours and 10.30 hours, respectively on 8 October 2024, to approve the Resolutions, details of which are set out in the Notices appearing at the end of this Circular.

### 10 Approvals

The ZSE Limited Directors approved the distribution of this Circular and the Proposed Transaction at a board meeting held on 13 September 2024.

### 11 Conditions precedent

The Proposed Transaction is conditional upon fulfilment of the following conditions precedent:

- The passing by the ZSE Limited and ZSE Holdings Shareholders of all of the Resolutions by the requisite majority at the EGMs;
- The registration of the Resolutions with the Registrar of Companies;
- The granting by the ZIMRA of the Scheme of Reconstruction and the Capital Gains Tax relief provided under Section 15 (1)(b) of the Capital Gains Tax Act [Chapter 23:01]; and
- The SECZim approval of the subsequent proposed listing of ZSE Holdings by way of Introduction on the ZSE main Board.

### 12 Costs of the proposed transactions

The costs for the Proposed Transactions are expected to amount to approximately US\$93,320 which relate to professional fees as well as advertising, printing and postage charges. The table below depicts a breakdown of the costs of the Proposed Transaction in as far as they relate to ZSE Holdings:

Description	US\$ Amount
Professional Fees	90,920
Printing and publication costs	2,400
<b>Total</b>	<b>93,320</b>

### 13 Experts consents

MMC Capital, Kantor and Immerman, Corpserve, EY and Grant Thornton have given and have not withdrawn their written consents to the issue of this Circular with the inclusion of their names and reports in the forms and context in which they appear. The above-mentioned consents are available for inspection by interested parties in terms of Paragraph 13 below.

### 14 Documents available for inspection

Between 16 September 2024 and 8 October 2024, copies of the following documents will be available for inspection during normal business hours, at the registered office of ZSE Holdings, MMC Capital, and Corpserve, at the addresses set out in the "Corporate Information" section at the beginning of this document:

- The Memorandum and Articles of Association of the Company;
- The 3-year audited financial statements of the Company for the years ended 31 December 2021 to 31 December 2023 which are set out in Appendix 2;
- Signed letters of Consent from all experts and advisors;
- The Board of Directors approval letter for the issuance of this Circular; and
- The copy of the full Circular signed by the Directors.
- Draft ZSE Limited Share Appreciation Rights Plan 2021

### 15 Directors' Interests

#### 15.1.1 Interests in Ordinary Shares

As at 31 August 2024, the Directors, directly and/or indirectly, held beneficial interests aggregating approximately 907 ZSE Limited shares representing below 1.0% of the issued share capital of that company. Details of the direct and indirect interests held by the Directors is set out below:

Director	Number of shares
Mrs. Caroline Sandura	-
Mr. Bartholomew Mswaka	907
Mrs. Maureen R. Svova	-
Mr Masimba Mudzungairi	-
Mr. Benson Gasura	-
Mr. Markus De Klerk	-
Mrs. Lindiwe Tirivanhu	-
<b>Total</b>	<b>907</b>

There were no changes in the Directors' interests between the end of the financial year ended 31 December 2023 and the date of the Circular.

#### 15.1.2 Interests in transactions

The ZSE Directors have not had any interest in transactions with ZSE in the current or immediately preceding financial years.

### 15.2 DIRECTORS EMOLUMENTS

ZSE Limited Directors received directors' inflation adjusted fees of ZWL1 451,767,197 for the year to 31 December 2023 (prior year ZWL871 651 666), in respect of their duties on the Board of ZSE Holdings. This excludes amounts received by executive Directors in terms of their employment contracts.

### 16 Directors' recommendations

The Board of Directors has considered the Proposed Transaction and recommend the ZSE Limited and ZSE Holdings' Shareholders to vote in favour of the resolutions to be considered at the EGM giving effect to the Proposed Transactions.

The Directors will collectively vote in favour of the individual resolutions to approve the Proposed Transactions at the EGM in respect of their own shareholdings.

#### **17 Directors' responsibility statement**

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading that they have made all reasonable enquiries to ascertain such facts and that the Circular contains all information required by law.

The Directors confirm that the Circular include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits or losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

<b>Full name</b>	<b>Position</b>	<b>Signature</b>
<b>Mrs. Caroline Sandura</b>	Non-Executive Director, Chairman.	<b>Signed on Original</b>
<b>Mr. Bartholomew Mswaka</b>	Non-Executive Director, Deputy Chairman.	<b>Signed on Original</b>
<b>Mrs. Maureen R. Svova</b>	Non-Executive Director	<b>Signed on Original</b>
<b>Mr Masimba Mudzungairi</b>	Non-Executive Director	<b>Signed on Original</b>
<b>Mr. Benson Gasura</b>	Non-Executive Director	<b>Signed on Original</b>
<b>Mr. Markus De Klerk</b>	Non-Executive Director	<b>Signed on Original</b>
<b>Mrs. Lindiwe Tirivanhu</b>	Non-Executive Director	<b>Signed on Original</b>
<b>Mr. Justin Bgoni</b>	Executive Director, Chief Executive Officer	<b>Signed on Original</b>





**REPORT OF INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF ZIMBABWE STOCK EXCHANGE LIMITED**

**To the members of Zimbabwe Stock Exchange Limited**

**Introduction**

The Directors of Zimbabwe Stock Exchange Holdings Limited ("the Company") are proposing to list its shares on The Zimbabwe Stock Exchange ("ZSE") ("the proposed transaction") as contained in the circular to shareholders of Zimbabwe Stock Exchange dated 16 September 2024 ("the Circular").

Grant Thornton Chartered Accountants (Zimbabwe) were the appointed auditors to Zimbabwe Stock Exchange during the period covered by this Circular from 2021 to 2023, from which the financial information included in Appendix 2 has been extracted. The audit reports and modifications therein for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 are as indicated below in this report.

In terms of Section 240 to 245 as read with section 223 of the Securities and Exchange Listing Requirements (Zimbabwe Stock Exchange ("ZSE") Listing Requirements) Rules 2019 ("the Zimbabwe Stock Exchange Listing Requirements"), we present our report in respect of the Financial Information for the years ended 31 December 2021, 31 December 2022, and 31 December 2023.

**Year ended 31 December 2021**

**The audit opinion for the financial year ended 31 December 2021 was an adverse opinion and outlined as follows:**

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Stock Exchange Limited and its subsidiaries as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates**

During the prior and current financial years, the foreign currency denominated transactions and balances of the company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the consolidated financial statements as a whole.

**Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies**

Although IAS 29 has been applied correctly, its application was based on prior period and current financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standard.

### **Valuation of property and equipment**

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment. These financial statements include property and equipment that is carried at revaluation model in accordance with IFRS 13 - Fair value measurement. The valuation of the property and equipment was performed by professional valuers as at 31 December 2021. The property and equipment valuations were determined in USD and then translated to ZWL using the foreign currency auction rate from the foreign currency market.

Although the determined USD values reflected the fair value of the property and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

<b>Key Audit Matter</b>	<b>How to our audit address the key audit matter</b>
<p>Revenue recognition</p> <p>IFRS 15 was applied on revenue recognition.</p> <ul style="list-style-type: none"><li>• There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240 Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the company. This is a significant risk and accordingly a key audit matter.</li></ul>	<p>Our audit procedures incorporated a combination of tests of the company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li><li>• Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period.</li><li>• Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions.</li><li>• Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li><li>• The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation).</li><li>• Analytical procedures and assessed the reasonableness of explanations provided by management.</li><li>• We satisfied ourselves that the revenue recognition is appropriate.</li></ul>

### **Years ended 31 December 2022**

The audit opinion for the financial year ended 31 December 2022 was qualified and outlined as follows:

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of the company and its subsidiaries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Non-compliance with International Accounting Standard (IAS) 21 - 'The Effect of Changes in Foreign Exchange Rates' in prior financial years**

An adverse opinion was issued on the consolidated inflation-adjusted financial statements for the year ended 31 December 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21 'The Effects of Changes in Foreign Exchange Rates' and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors', the retained earnings as at 31 December 2022 may contain misstatements. As a result, our opinion on the current year consolidated financial statements is modified because of the possible residual effects of the noncompliance with IAS 21. The effects of this non-compliance were considered material but not pervasive to the consolidated financial statements.

#### *Valuation of unquoted investments*

These consolidated financial statements include an investment of 111 945 shares in Chengetedzai Depository Company (CDC), an unlisted company which is measured at fair value through other comprehensive income. This investment was valued by Directors as at 31 December 2022 at ZWL 114,868,277. The valuation of this unquoted investment was derived by applying certain assumptions which are not consistent with the requirements of 'FRS 13 'Fair Value Measurement: The value was based on a USD price that was derived from a transaction for the sale of CDC shares in 2020 and converted to ZWL at the closing interbank rate. The valuation did not consider all relevant market information that market participants would consider in valuing similar investments. The impact of this non-compliance with 'FRS 13 has been considered material but not pervasive to the financial statements for the year ended 31 December 2022.

#### *Valuation of property and equipment*

The determination of fair values for assets presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include land and buildings that are carried at revaluation model in accordance with 'FRS 13 Fair value measurement. The valuations of the aforementioned assets were performed by professional valuers as at 31 December 2022. The valuations were determined in USD and then translated to ZWL using the Reserve Bank of Zimbabwe auction rate as at 31 December 2022.

Although the determined USD values reflected the fair value of the aforementioned assets in USD, the converted ZWL fair values were not in compliance with 'FRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of the assets in ZWL.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Key Audit Matter	How to our audit address the key audit matter
<p>Revenue recognition IFRS 15 was applied on revenue recognition.</p> <ul style="list-style-type: none"> <li>There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA240—Revised). There is a risk that the revenue is presented at amounts higher than what has been generated by the Croup. This is a significant risk and accordingly a key audit matter.</li> </ul>	<p>Our audit procedures incorporated a combination of tests of the company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Reviewed that revenue recognition criteria is appropriate and in line with the requirements of 'FRS 15.</li> <li>Performed cut-off tests on year end balances to ensure revenue is recognized in the correct period.</li> <li>Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions.</li> <li>Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li> <li>The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation).</li> <li>Analytical procedures and assessed the reasonableness of explanations provided by management.</li> <li>We satisfied ourselves that the revenue recognition is appropriate.</li> </ul>

**Year ended 31 December 2023**

**The audit opinion for the financial year ended 31 December 2022 was qualified and outlined as follows:**

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted financial statements present fairly, in all material respects, the financial position of the company and its subsidiaries as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Non-compliance with IFRS 13 "fair value measurement" on valuation of unquoted investments**

These financial statements include an investment of 111,945 shares in Chengetedzai Depository Company (CDC), an unlisted company which is measured at fair value through other comprehensive income. This investment was valued by Directors as at 31 December 2023 for ZWL 1,024,702,951. The valuation of this unquoted investment was derived by applying certain assumptions which are not consistent with the requirements of IFRS 13 'Fair Value Measurement'. The value was based on a USD price that was derived from a transaction for the sale of CDC shares in 202 and converted to ZWL at the closing interbank rate. The valuation did not consider all relevant market information that the market participants would consider in valuing similar investments. The impact of this non-compliance with IFRS 14 has been considered material but not pervasive to the financial statements for the year ended 31 December 2023.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Key Audit Matter	How to our audit address the key audit matter
<p>IFRS 15 - Revenue from contracts with custom</p> <p>There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240 Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Company. This is a significant risk and accordingly a key audit matter.</p>	<p>Our audit procedures incorporated a combination of tests of the Company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li> <li>• Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period.</li> <li>• Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions.</li> <li>• Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li> <li>• The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to the external sources (supporting documentation).</li> <li>• Carried out and analytical procedures and assessed the reasonableness of explanations provided by management.</li> <li>• We were reasonably satisfied that the company's revenue recognition is appropriate.</li> </ul>

Yours faithfully

Farai Chibisa Partner

Registered Public Auditor (PAAB No: 0547)  
Grant Thornton ..... 2024  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
HARARE

**APPENDIX 2: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION**

ZIMBABWE STOCK EXCHANGE

**Consolidated statement of profit or loss and other comprehensive income**

	<u>Inflation adjusted</u>			<u>Historical</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<u>ZWL</u>	<u>ZWL</u>	<u>ZWL</u>	<u>ZWL</u>	<u>ZWL</u>	<u>ZWL</u>
Revenue	32,908,811,593	8,699,054,726	358,005,833	17,081,229,860	1,095,983,106	271,720,054
Fair Value Gain on financial instruments	210,764,899	-	50,557,307	355,493,519	21,616,033	38,594,768
Interest from advances	-	40,820,492	3,027,774	-	2,114,627	2,962,397
Other income	3,523,697,384	988,689,913	1,424,405	3,490,424,793	184,338,421	1,179,450
<b>Total Income</b>	<b>36,643,273,876</b>	<b>9,698,565,131</b>	<b>413,015,319</b>	<b>20,927,148,172</b>	<b>1,304,052,189</b>	<b>314,456,669</b>
Operating Expenses						
Staff costs	14,804,045,102	4,809,377,976	190,021,077	8,640,122,582	545,507,154	152,980,630
Other operating costs	11,552,356,423	3,780,810,263	148,955,905	6,791,702,730	518,888,099	120,544,388
Depreciation and amortisation	343,915,055	137,439,779	16,259,889	157,167,845	15,830,259	12,767,171
Fair value loss on financial instruments	-	1,658,057,198	-	-	-	-
<b>Total Expenses</b>	<b>26,700,316,580</b>	<b>10,385,685,216</b>	<b>355,236,871</b>	<b>15,588,993,157</b>	<b>1,080,225,512</b>	<b>286,292,189</b>
<b>Operation (loss)/profit</b>	<b>9,942,957,296</b>	<b>(687,120,085)</b>	<b>57,778,448</b>	<b>5,338,155,015</b>	<b>223,826,677</b>	<b>28,164,480</b>
Finance income	50,337,029	197,098,933	183,803	39,005,522	40,825,250	145,849
Finance costs	(141,160,186)	(394,811,224)	(11,152,760)	(75,784,365)	(70,709,232)	(5,412,489)
Share of loss from associate						(980,347)
Impairment of Joint Venture	-	(69,474,799)	(1,292,254)	-	(745,077)	-
Monetary (loss) or gain	(2,542,335,210)	3,197,645,023	(18,118,882)	-		
<b>Profit before tax</b>	<b>7,309,798,929</b>	<b>2,243,337,848</b>	<b>27,398,355</b>	<b>5,301,376,172</b>	<b>193,197,618</b>	<b>21,917,493</b>
Income tax expense	(476,324,426)	(551,217,523)	(18,021,851)	(184,421,104)	(37,993,148)	(10,506,136)
<b>Profit for the year</b>	<b>6,833,454,503</b>	<b>1,692,120,325</b>	<b>9,376,504</b>	<b>5,116,955,068</b>	<b>155,204,470</b>	<b>11,411,357</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified subsequently to profit or loss:</b>						
Gain on property revaluation	7,268,932,766	1,145,555,846	45,738,631	10,214,157,278	612,817,098	76,665,585
Fair Value adjustments on unquoted investment	472,717,885	250,695,445	440,825	909,834,674	96,629,246	7,166,169
Income tax effect	(2,009,021,311)	(77,697,126)	-	(1,766,875,504)	(73,691,979)	-
<b>Total other comprehensive income for the year</b>	<b>12,566,083,843</b>	<b>3,010,674,490</b>	<b>55,555,959</b>	<b>14,474,071,516</b>	<b>790,958,835</b>	<b>94,243,111</b>
<b>Earnings per Share</b>						
Number of shares in issue	102,704	102,704	102,704	102,704	102,704	102,704
Basic and diluted (ZWL cents per share)	6,653,543	1,647,570	9,130	4,982,235	151,118	11,111

**APPENDIX 2: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION**

ZIMBABWE STOCK EXCHANGE

**Consolidate Group and Company Statement  
of Financial Position  
as at 31 December**

	Inflation adjusted			Historical		
	2023 ZWL	2022 ZWL	2021 ZWL	2023 ZWL	2022 ZWL	2021 ZWL
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant, and equipment	12,593,354,301	4,858,678,656	220,387,841	11,281,358,217	811,842,569	192,755,797
Intangible assets	6,585,014,115	4,439,326,698	178,467,809	1,580,258,080	307,044,427	118,235,118
Unquoted investments	1,024,702,951	551,985,066	18,239,031	1,024,702,951	114,868,277	18,239,031
Investment in joint venture	-	-	4,205,764	-	-	745,077
<b>Total non-current assets</b>	<b>20,203,071,367</b>	<b>9,849,990,420</b>	<b>421,300,445</b>	<b>13,886,319,248</b>	<b>1,233,755,273</b>	<b>329,975,023</b>
<b>Current assets</b>						
Financial assets at fair value through profit or loss	393,526,210	182,761,311	17,438,356	393,526,210	38,032,691	17,438,356
Financial assets at amortised cost	-	-	10,542,988	282,188,351	-	10,542,988
Short term deposits	282,188,351	-	-	3,480,151,316	73,043,263	-
Trade and Other receivables	3,480,151,316	351,000,217	22,705,595	383244990	-	22,705,595
Income Tax refundable	383,244,990	-	-	-	-	-
Cash and cash equivalents	2,924,556,568	272,473,252	8,673,505	2,924,556,568	56,701,983	8,673,505
<b>Total current assets</b>	<b>7,463,667,435</b>	<b>806,234,780</b>	<b>59,360,444</b>	<b>7,463,667,435</b>	<b>167,777,937</b>	<b>59,360,444</b>
<b>Total assets</b>	<b>27,666,738,802</b>	<b>10,656,225,200</b>	<b>480,660,889</b>	<b>21,349,986,683</b>	<b>1,401,533,210</b>	<b>389,335,467</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	739,667	739,667	44,777	1,000	1,000	1,000
Share premium	52,332,761	52,322,761	3,167,439	70,739	70,739	70,739
Non distributable reserve	57,706,453	57,706,453	3,493,349	77,981	77,981	77,981
Revaluation reserve	9,425,206,991	4,165,295,537	187,265,649	9,195,003,955	747,722,181	208,596,062
Mark to Market Reserve	958,395,244	485,677,364	14,224,992	1,024,297,662	114,462,988	7833742
Retained earnings	10,689,322,125	3,964,819,196	119,407,709	5,255,190,056	169,251,595	18,895,451
<b>Total equity</b>	<b>21,183,693,241</b>	<b>8,726,560,977</b>	<b>327,603,915</b>	<b>15,474,641,393</b>	<b>1,031,586,484</b>	<b>245,475,975</b>
<b>Non-current liabilities</b>						
Deferred tax liability	2,746,099,060	643,364,097	32,795,779	2,138,398,789	102,267,032	23,598,297
<b>Current liabilities</b>						
Trade and other payables	2,991,999,473	865,112,308	64,414,830	2,991,999,473	180,030,161	64,616,830
Bank overdraft	-	24,220	-	-	5,040	-
Short term borrowings	744,947,028	278,225,242	48,500,000	744,947,028	57,898,766	48,500,000
Income tax payable	-	142,939,357	7,346,464	-	29,745,727	7,346,365
<b>Total current liabilities</b>	<b>3,736,946,501</b>	<b>1,286,301,127</b>	<b>120,261,294</b>	<b>3,736,946,501</b>	<b>267,679,694</b>	<b>120,261,195</b>
<b>Total liabilities</b>	<b>6,483,045,561</b>	<b>1,929,665,223</b>	<b>153,056,974</b>	<b>5,875,345,290</b>	<b>369,946,826</b>	<b>143,859,492</b>
<b>Total equity and liabilities</b>	<b>27,666,738,802</b>	<b>10,656,266,200</b>	<b>480,660,889</b>	<b>21,349,986,683</b>	<b>1,401,533,210</b>	<b>389,335,467</b>

**APPENDIX 2: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION**

ZIMBABWE STOCK EXCHANGE

**Consolidated Group and Company Statement of Cash Flows**

	Inflation adjusted			Historical		
	2023 ZWL	2022 ZWL	2021 ZWL	2023 ZWL	2022 ZWL	2021 ZWL
<b>Cash flows from operating activities</b>						
Profit before tax	7,309,778,929	2,243,337,848	27,398,355	5,301,376,172	193,197,618	21,917,493
<b>Adjusted for:</b>						
Depreciation and amortisation	343,915,055	137,439,779	16,259,889	157,167,845	15,830,259	12,767,171
Loss/(Profit) on disposal of property, plant & equipment	(27,831,258)	-	85,462	(5,763,039)	-	80,808
Finance Income	(50,337,029)	(197,098,933)	(183,803)	(39,005,522)	(40,825,250)	(145,849)
Finance Costs	141,160,186	394,811,224	11,152,760	75,784,365	70,709,232	5,412,489
Share of loss from associate	-	-	1,292,254	-	-	980,347
Impairment of Joint Venture	-	69,474,799	18,118,882	-	745,077	-
Monetary loss or (gain)	2,542,355,210	)	(50,557,307)	-	-	(38,594,768)
Fair value loss or (gain) on financial instruments	(210,764,899)	1,658,057,198	227,192	(355,493,519)	(21,616,033)	227,408
Increase in provision for expected credit losses	103,399,518	1,570,896	-	107,624,709	882,425	-
<b>Net cash inflows/(outflows) from operations</b>	<b>10,151,675,712</b>	<b>1,109,947,788</b>	<b>23,793,684</b>	<b>5,241,691,011</b>	<b>218,923,328</b>	<b>2,645,099</b>
Income tax paid	(505,048,755)	(51,018,793)	(1,163,285)	(328,155,569)	(10,617,028)	(1,163,285)
<b>Changes in working capital</b>						
(Increase)/Decrease in trade and other receivables	(3,232,550,617)	24,072,345	(16,898,808)	(3,514,732,762)	(54,624,020)	(22,282,803)
Increase/ (Decrease) in trade and other payables	(2,126,887,165)	198,952,972	40,033,571	2,811,969,312	115,615,331	1,197,299
<b>Net cash flows generated from operating activities</b>	<b>4,287,189,175</b>	<b>1,281,954,312</b>	<b>45,765,162</b>	<b>4,210,711,992</b>	<b>269,297,611</b>	<b>28,445,441</b>
<b>Investing activities</b>						
Additions to property and equipment	(784,069,880)	(131,071,029)	(19,067,426)	(402,735,422)	(12,772,579)	15,596,096
Investments in joint ventures	-	-	(1,290,211)	-	-	(908,064)
Proceeds from disposal of assets	28,905,243	-	-	6,137,089	-	-
Purchase of intangible assets	(2,172,349,451)	(1,570,142,207)	(53,756,047)	(1,283,378,495)	(193,136,663)	(49,793,295)
Proceeds from disposal of financial instruments	-	1,800,893,782	180,923,232	-	251,021,698	124,126,162
Proceeds from disposal of property and equipment	-	-	-	-	-	-
Proceeds from disposal of amortised investments	-	299,545,616	-	-	19,602,355	-
Dividend received	-	12,700,902	-	-	1,289,298	-
Purchase of financial instrument- FVTPL	-	(3,353,648,987)	(112,566,384)	-	(250,000,000)	(75,000,000)
Purchase of amortised cost financial instrument	-	(84,566,044)	(33,521,030)	-	(6,944,740)	(29,806,753)
Short term deposits	(274,712,517)	-	-	(274,712,517)	-	-
Interest income received	42,861,195	197,098,933	183,803	31,529,876	40,825,250	145,849
<b>Net cash flows used in investing activities</b>	<b>3,159,365,411</b>	<b>2,829,189,033</b>	<b>39,094,063</b>	<b>1,923,159,657</b>	<b>(150,115,381)</b>	<b>25,198,977</b>
<b>Financing Activities</b>						
Borrowings	744,947,028	96,107,486	-	744,947,028	20,000,000	-
Short-term borrowings	-	-	2,689,903	-	-	20,000,000
Dividends paid	(108,951,574)	(30,169,923)	-	(31,016,606)	(4,848,326)	-
Loans repayment	(278,225,242)	(50,942,897)	-	(57,898,766)	(10,601,234)	-
Finance costs paid	(141,160,186)	(394,811,224)	(11,152,760)	(75,784,365)	(70,709,232)	(5,412,489)
<b>Net cash flows from/(used) in financing activities</b>	<b>216,610,026</b>	<b>(379,816,558)</b>	<b>(8,462,857)</b>	<b>580,247,291</b>	<b>(66,158,792)</b>	<b>14,587,511</b>
Net increase/(decrease) in cash and cash Equivalents	1,344,433,790	(1,927,051,280)	(1,791,758)	2,867,859,625	48,023,438	3,799,245



Cash and cash equivalents at beginning of the year	272,450,032	143,277,184	20,048,347	56,595,943	8,673,505	12,472,750
Effects of inflation for opening balances of monetary items	1,307,672,746	2,056,224,128	(9,583,084)	-	-	-
<b>Cash and cash equivalents at 31 December</b>	<b><u>2,924,566,568</u></b>	<b><u>272,450,032</u></b>	<b><u>8,673,505</u></b>	<b><u>2,924,455,568</u></b>	<b><u>56,696,943</u></b>	<b><u>8,673,505</u></b>



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## NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF THE ZIMBABWE STOCK EXCHANGE LIMITED

**Notice is hereby given that an Extraordinary General Meeting of the Shareholders of Zimbabwe Stock Exchange Limited will be held on 8 October 2024, at 930hrs for the purpose of considering and approving, with or without amendment, the following resolutions; Shareholders will be asked to connect and attend the meeting virtually via the link: <https://escrowagm/eagm/Login.aspx>**

### 1. AS A SPECIAL RESOLUTION – WAIVER OF THE TWENTY-ONE DAY NOTICE PERIOD FOR THE EGM:

THAT, in terms of the Company's Articles of Association, the statutory requirement for a twenty-one-day notice period for an EGM be waived in order to facilitate the speedy implementation and conclusion of the proposed transaction.

### 2. That, as an Ordinary Resolution, in respect of the proposed re-structure of ZSE Limited:

*That the Company be and is hereby authorized to propose to its members the approval of the Scheme of Reconstruction whereby it is proposed, amongst other things, that the company acquires 100% of the issued share capital in ZSE Limited and 100% of the issued share capital in Victoria Falls Stock Exchange Limited from the current shareholders of these two companies in exchange their shares in these companies, for shares in ZSE Holdings Limited pari passu and at an exchange ratio of "1" ZSE Holdings Ordinary Shares for "1" ZSE Limited Ordinary Shares.*

### SPECIAL BUSINESS

### 3. Increase in Authorized Share Capital:

- (a) "That, in terms of the Company's Articles of Association, the authorised share capital of the Company be and is hereby increased, from ZWG181 369,563.53 (One Hundred and Eighty-One Million, Three Hundred and Sixty-Nine Thousand, Five Hundred and Sixty-Three and Fifty-Three cents Zimbabwe Gold) comprising six million (6,000,000) ordinary shares of a nominal value of ZWG1 765.94 per share, to ZWG181 369,563.53 (One Hundred and Eighty-One Million, Three Hundred and Sixty-Nine Thousand, Five Hundred and Sixty-Three and Fifty-Three cents Zimbabwe Gold) comprising 6,000,000,000 (six billion) ordinary shares of a nominal value of ZWG1.7766 each, and that all the unissued shares be placed under the control of the Directors."
- (b) "That of the 5,897,296,000 (five billion, eight hundred and ninety-seven million two hundred and ninety-six thousand) ordinary shares of ZWG1.7766 per share remaining unissued after the increase of the Company's authorised share capital, [6,000,000,000] (six billion) ZSE Holdings ordinary shares be placed under the control of the Directors for issue to minority shareholders in order to achieve the shareholder spread required by ZSE Listing regulations and 10% of unissued ordinary shares to be placed under the control of the Directors in terms of the proposed ZSE Holdings Share Option Scheme."
- (c) That the increase in the authorized share capital referred to in paragraph 3 (a) above shall be affected via a share split of the existing shares at a ratio of 1 ordinary share to 1000 ordinary shares
- (d) All fractional share entitlements to individual Members post the share split will be rounded up to entitle those Members to 1 (one) share such that there will be no fractional shares after the share split; and
- (e) that, pursuant to the share split and the increase in the authorized share capital, the Memorandum and Articles of Association of the Company be and is hereby amended accordingly.

#### 4. Waiver of Pre-Emptive Rights:

- (a) Subject to the approval of resolution 3 above being passed:

"That, existing Shareholders, being Shareholders reflected on the ZSE Holdings Ltd share register as at 31 August 2023 hereby irrevocably waive their pre-emptive rights in respect of [6 million] (5.8 million, unissued shares under the control of the directors to facilitate the acquisitions referred to in this Circular."

- (b) Subject to the approval of resolution 4 (a) above:

"That, existing Shareholders, being Shareholders reflected on the ZSE and VFEX share register as at 31 August 2023 hereby irrevocably waive their pre-emptive rights in respect of 10,000 unissued shares under the control of the directors to facilitate the required shareholder spread as required by the ZSE Listing Rules and the Proposed ZSE Holdings Share Option Scheme in respect of ordinary shares not exceeding 10% shares in the Company at any time."

#### AS ORDINARY RESOLUTIONS

5. That, pursuant to the approval of Resolutions 1 to 4 above, ZSE Holdings shall acquire the entire issued share capital of ZSE Limited and VFEX Limited with the effect from the date of completion of the Transaction.
6. That the Directors of ZSE Holdings be and is hereby authorized to issue a maximum of "10,000" Ordinary Shares of "ZWG1,7766" each to the Employee Group prior to the listing of ZSE Holdings on the Zimbabwe Stock Exchange, should the shareholders of ZSE Holdings fail to restructure their shareholding, to reach the minimum regulated shareholder spread requirements of 300 shareholders.
7. That the Directors of ZSE Holdings be and is hereby authorized to issue a maximum of "10,000" Ordinary Shares of "ZWG1.7766" each to retail investors via the retail platform ZSE Direct prior to the listing of ZSE Holdings on the Zimbabwe Stock Exchange, should the shareholders of ZSE Holdings fail to restructure their shareholding, to reach the minimum regulated shareholder spread requirements of 300 shareholders, should 5 above not satisfy the required shareholding.  
  
provided that the total number of shares issued in terms of resolution 6 and 7 shall not exceed "10,000" Ordinary Shares of "102,704,000", the Issued Share Capital of the Company thereafter, and, further, that the shares shall be issued to separate and individual shareholders of at least two hundred and fifty-two in aggregate number.
8. That subject to all Conditions Precedent in the Share Purchase and Sale Agreement being fulfilled, or lawfully waived, the Directors of Holdings be and are hereby authorized to implement the Share Purchase and Sale Agreement in accordance with its terms and conditions.
9. That subject to the passing of all the Resolutions above, the Directors of the Company (or any duly authorized Committee thereof) be and are hereby authorized to amend and vary the terms and conditions of such transactions (provided that no such amendment or variation shall be material in the context of the Transaction) and do all such things as they consider necessary and desirable to give effect to or pursuant to or in connection with the above transactions.
10. That all the issued ZSE Holdings shares to be issued will be listed on the Zimbabwe Stock Exchange together with the entire issued Share Capital of Holdings on completion.
11. That all Resolutions passed shall be subject to delivery of the relevant Share Certificates and fulfilment of the Conditions Precedent set out in the Share Purchase and Sale Agreement.
12. That the Board of ZSE Holdings, upon Completion, be and is hereby authorized to seek the listing of ZSE Holdings on the Zimbabwe Stock Exchange on such terms and conditions as have been approved by members.
13. That any and all actions taken by the Board of Directors pursuant to implementing the terms and conditions of the Share Purchase and Sale Agreement, including actions already taken, be and are hereby ratified.
14. That the Chairman of the Board or, failing him, any Director of the Company, be and is hereby authorized to sign any and all documentation relating to the Resolutions above and to do all such acts and deeds as may be necessary to give effect to these Resolutions and, insofar as any documentation has been signed or actions have already been taken to fulfill or give effect to these Resolutions, those actions be and are hereby ratified.
15. That "Lyndon Tuyani Nkomo" is hereby appointed as the Secretary of ZSE Holdings company or, alternatively, as Company Secretary of ZSE Holdings be and is hereby ratified.
16. That the listing of ZSE Holdings on the Zimbabwe Stock Exchange, subject to the approval of the Zimbabwe Stock Exchange and the Securities and Exchange Commission and the consent of the Registrar of Companies, as may be required, be and is hereby approved.
17. That Company's entry into and implementation of the Share Purchase and Sale Agreement and the Share Purchase Agreements be and is hereby approved and, insofar as any actions have already been taken to that effect, they are hereby ratified.

18. Pursuant to resolution 3 and 4 above, The Directors be and are hereby authorized to issue ordinary shares to qualifying members of the ZIMBABWE STOCK EXCHANGE EMPLOYEE SHARE OPTION SCHEME in accordance with the draft initiated by the Chairperson and availed for inspection by Members.
19. The balance of the authorized but unissued shares of the Company, after the [Transaction / Listing], be and are hereby placed under the control of the Directors for an indefinite period, to be issued in compliance with terms of the Zimbabwe Stock Exchange Rules, and provided that no issue will be made which will effectively transfer control of the Company without approval of the Shareholders in General Meeting.
20. THAT the appointment of the following as directors of the Company:
  1. Mrs. Caroline Sandura;
  2. Mr. Bartholomew Mswaka;
  3. Mrs. Maureen R. Svova;
  4. Mr. Masimba Mudzungairi;
  5. Mr. Benson Gasura;
  6. Mr. Markus De Klerk;
  7. Mrs. Lindiwe Tirivanhu; and
  8. Mr. Justin Bgoni.

be and are hereby noted, accepted, ratified, with effect of the date of their respective appointments.



# PROXY FORM

## FOR THE EXTRA-ORDINARY GENERAL MEETING OF THE ZIMBABWE STOCK EXCHANGE LIMITED

**For use at the Extra-Ordinary General Meeting of the Zimbabwe Stock Exchange Limited to be held virtually on 8 October 2024 at 0930hrs**

I/We, the undersigned ..... of .....  
..... being registered holder (s) of ..... ordinary shares,  
hereby appoint ..... or  
failing him, ..... to act  
for me/us or my/our behalf as indicated below at the Extra Ordinary General Meeting of the Company to be held on 8 October 2024  
at 0930 Hours and at any adjournment thereof.

Signature.....Signed this.....day of..... 2024.

### **PROXY**

- a) In terms of s171 of the Companies and Other Business Entities Act, Chapter 24:31 members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy need not be a member of the Company.
- b) In terms of Article 90 of the Company's Articles of Association instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for handling the meeting.
- c) Any alteration or correction made to this form of proxy (including the deletion of alternative) must be initialed by the signatory/signatories.

### **Physical Address:**

**Company Secretary  
Zimbabwe Stock Exchange Limited  
44 Ridgeway North  
Highlands  
Harare  
Email: [Inkomo@zse.co.zw](mailto:Inkomo@zse.co.zw)**



44 Ridgeway North, Highlands,  
Harare, Zimbabwe  
Tel: +263 (24) 2886830-5  
Email: [info@zse.co.zw](mailto:info@zse.co.zw)  
Website: [www.zse.co.zw](http://www.zse.co.zw)

## NOTICE OF AN EXTRAORDINARY GENERAL MEETING for THE ZIMBABWE STOCK EXCHANGE HOLDINGS LIMITED

**Notice is hereby given that an Extraordinary General Meeting of the Shareholders of Zimbabwe Stock Exchange Holdings Limited will be held on 8 October 2024, at 1030hrs for the purpose of considering and approving, with or without amendment, the following resolutions; Shareholders will be asked to connect and attend the meeting virtually via the link: <https://escrowagm/eagm/Login.aspx>**

**IN TERMS OF** the Company's Articles of Association, notice is hereby given that an Extraordinary General Meeting ("EGM") of the Company shall be held at 1030a.m. on 8 October 2024 at Harare or virtually.

**FURTHER notice** is hereby given that the EGM shall consider and, if deemed fit, pass the following Resolutions, with or without amendment:

1. That, as an Ordinary Resolution, in respect of the proposed re-structure of ZSE Limited:

*That the Company be and is hereby authorized to propose to its members the approval of the Scheme of Reconstruction whereby it is proposed, amongst other things, that the company acquires 100% of the issued share capital in ZSE Limited and 100% of the issued share capital in Victoria Falls Stock Exchange Limited from the current shareholders of these two companies in exchange their shares in these companies, for shares in ZSE Holdings Limited at an exchange ratio of "1" ZSE Holdings Ordinary Shares for "1" ZSE Limited Ordinary Shares.*

2. That, pursuant to the approval of Resolution 1., ZSE Holdings shall acquire the entire issued share capital of ZSE Limited and VFEX Limited with the effect from the date of completion of the Transaction.
3. That the shareholder's rights of pre-emption over the transfer of the Ordinary Shares in "102,704,000" Company that are to be issued to the existing shareholders of ZSE limited and VFEX Limited, be and are hereby waived.
4. That the authorized share capital of the Company be and is hereby increased from "6,000,000" Ordinary Shares of "ZWG1,776,67", each to "6,000,000,000" Ordinary Shares of "ZWG1.7766" each.
5. That ZSE Holdings be and is hereby authorized to issue "10,000" of the unissued Ordinary Shares of "ZWG1.7766" cents each to the Employee Group via an employee share scheme (prior to the listing of ZSE Holdings on the Zimbabwe Stock Exchange, should the shareholders of ZSE Holdings fail to restructure their shareholding to reach the minimum regulated shareholder spread requirements of 300 shareholders).
6. That ZSE Holdings be and is hereby authorized to issue a minimum of "10,000" Ordinary Shares of "ZWG1.7766" each to retail investors via the retail platform ZSE Direct prior to the listing of ZSE Holdings on the Zimbabwe Stock Exchange, should the shareholders of ZSE Holdings fail to restructure their shareholding, to reach the minimum regulated shareholder spread requirements of 300 shareholders, should 5 above not satisfy the required shareholding.
7. That provided that the total number of shares issued shall not exceed "10,000" Ordinary Shares of "102,704,000", of the Issued Share Capital of the Company thereafter, and, further, that the shares shall be issued to separate and individual shareholders of at least two hundred and fifty-two in aggregate number.
8. That subject to all Conditions Precedent being fulfilled, or lawfully waived, the Directors of ZSE Holdings be and are hereby authorized to purchase/sell the following shares in the following companies, in terms of the irrevocable Letters of Offer for a consideration of "ZWG 181,369,563.53", payable through a swap of "102,704,000" ZSE Limited Company Shares to the

- existing shareholders of ZSE Limited and VFEX Limited against the issuance of “102,704,000” ZSE Holdings shares to such shareholders *pro rata* to their existing shareholding.
9. That the effective date shall be the date on which the last Condition Precedent is fulfilled.
  10. That subject to the passing of Resolutions above, the Directors of the Company (or any duly authorized Committee thereof) be and are hereby authorized to amend and vary the terms and conditions of such transactions (provided that no such amendment or variation shall be material in the context of the Transaction) and do all such things as they consider necessary and desirable to give effect to or pursuant to or in connection with the above transactions.
  11. That all the issued ZSE Holdings shares to be issued will be listed on the Zimbabwe Stock Exchange together with the entire issued Share Capital of Holdings on completion.
  12. That all Resolutions passed shall be subject to delivery of the relevant Share Certificates and fulfilment of the Conditions Precedent set out in the Share Purchase and Sale Agreement.
  13. That subject to the fulfilment of the Conditions Precedent, the transfer of “102,704,000” Ordinary Shares of “ZWG1.7766” each to “ZSE Holdings” be and is hereby approved.
  14. That the Company Secretary of ZSE Holdings is hereby authorized to enter into the Share Register the names of all the existing shareholders of ZSE Limited as set out in the Appendix to Share Purchase and Sale Agreement.
  15. That the Board of ZSE Holdings, upon completion of the Transactions, be and is hereby authorized to seek the listing of ZSE Holdings on the Zimbabwe Stock Exchange on such terms and conditions as have been approved by members.
  16. That the sale and transfer of “102,704,000” shares held in “ZSE Limited” Company against the issue of “102,704,000” ZSE Holdings shares be and is hereby approved, subject to all Conditions Precedent in the Share Purchase and Sale Agreement being fulfilled.
  17. That any and all actions taken by the Board of Directors pursuant to implementing the terms and conditions of the Share Swap Agreement, including actions already taken, be and are hereby ratified.
  18. That the transfer of “102,704,000” Ordinary Shares in ZSE Holdings from the original subscribers to “102,704,000” at a consideration of “ZWG 181,369,563.53” and the entry of such transfer into the Company’s Register and issuance of Share Certificates reflecting such shareholding are hereby approved.
  19. That the following are hereby formally appointed to the Board of ZSE Holdings with effect from the date of this Resolution the date of their respective appointments:
    - 19.1 Mrs. Caroline Sandura;
    - 19.2 Mr. Bartholomew Mswaka;
    - 19.3 Mrs. Maureen R. Svova;
    - 19.4 Mr. Masimba Mudzungairi;
    - 19.5 Mr. Benson Gasura;
    - 19.6 Mr. Markus De Klerk;
    - 19.7 Mrs. Lindiwe Tirivanhu; and
    - 19.8 Mr. Justin Bgoni.
  20. That “Lyndon Tuyani Nkomo” is hereby appointed as the Secretary of ZSE Holdings company or, alternatively, as Company Secretary of ZSE Holdings be and is hereby ratified.
  21. That the listing of ZSE Holdings on the Zimbabwe Stock Exchange, subject to the approval of the Securities and Exchange Commission and the consent of the Registrar of Companies, as may be required, be and is hereby approved.
  22. That Company’s entry into and implementation of the Share Purchase and Sale Agreement be and is hereby approved and, insofar as any actions have already been taken to that effect, they are hereby ratified.
  23. That *the Proposed Transaction is conditional upon fulfilment of the following conditions precedent:*
    - a. *The passing by the ZSE Limited and ZSE Holdings Shareholders of all the Resolutions by the requisite majority at the EGM;*
    - b. *The registration of the Resolutions with the Registrar of Companies;*
    - c. *The granting by the Zimbabwe Revenue Authority (“ZIMRA”) of the Scheme of Reconstruction and the Capital Gains Tax relief provided under Section 15 (1)(b) of the Capital Gains Tax Act [Chapter 23:01]; and*
    - d. *The Securities and Exchange Commission of Zimbabwe (“SECZim”) approval of the subsequent proposed listing of ZSE Holdings by way of Introduction on the ZSE Main Board.*

24. That the Chairman of the Board or, failing him, any Director of the Company, be and is hereby authorized to sign any and all documentation relating to the Resolutions above and to do all such acts and deeds as may be necessary to give effect to these Resolutions and, insofar as any documentation has been signed or actions have already been taken to fulfill or give effect to these Resolutions, those actions be and are hereby ratified.





# PROXY FORM

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Signature.....Signed this.....day of..... 2024.

### PROXY

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Company Secretary  
Zimbabwe Stock Exchange Holdings Limited  
44 Ridgeway North  
Highlands  
Harare  
Email: [Inkomo@zse.co.zw](mailto:Inkomo@zse.co.zw)